

Message Text

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ACTION PM-05

INFO OCT-01 EUR-12 NEA-10 ISO-00 NSC-05 SP-02 SS-15
CIAE-00 INR-10 NSAE-00 MCE-00 PA-01 USIA-06
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R 090709Z MAR 78
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 7332
INFO AMEMBASSY BONN
AMEMBASSY ISLAMABAD
AMEMBASSY LONDON
AMEMBASSY NEW DELHI
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USCINCEUR VAIHINGEN GE
SECRETARY OF DEFENSE WASHDC
CINCUSNAVEUR

C O N F I D E N T I A L TEHRAN 2419

EO 11652: GDS
TAGS: MASS IR GW NL
SUBJ: SUBMARINES AND FRIGATES FOR IRAN

1. SUMMARY. RECENT PRESS AND OTHER REPORTS FROM HERE, THE FRG AND NETHERLANDS HAVE CONFIRMED EARLIER REPORTS ABOUT PROSPECTIVE IMPERIAL IRANIAN NAVY (IIN) NEW FLEET ACQUISITIONS, PRINCIPALLY SUBMARINES AND FRIGATES FROM EUROPEAN COUNTRIES. PURCHASE OF SIX FRG TYPE 209 DIESEL SUBMARINES IS VIRTUALLY CONCLUDED, WITH TRAINING PACKAGE DETAILS STILL BEING WORKED OUT. ADDITIONALLY, PURCHASE OF TWELVE FRIGATES, PROBABLY TO BE SPLIT BETWEEN DUTCH AND FRG, ALSO UNDERSTOOD TO BE NEARING CONCLUSION, END SUMMARY.

2. THE GOI HAS BEEN ACTIVELY ENGAGED SINCE ABOUT THE MIDDLE OF 1977 WITH A TEAM FROM THE FIRM HDW IN KIEL NEGOTIATING THE PURCHASE
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OF HALF A DOZEN FRG TYPE 209 DIESEL SUBMARINES. THE IIN HAS BEEN INSISTING ON A COMPLETE TRAINING PACKAGE AS PART OF THIS SUBMARINE BUY. IT WAS NOT POSSIBLE TO WORK OUT DETAILS OF SUCH A PACKAGE WHEN THE FRG TEAM WAS HERE IN LATE FEBRUARY AND THE FIRST FEW DAYS IN MARCH, AND THUS A CONTRACT WAS NOT SIGNED AT THAT TIME. THE FRG AMBASSADOR TOLD THE CHARGE MARCH 8 THAT A SIGNING COULD OCCUR AS EARLY AS MARCH 11. HE SAID THE FRG WILL PROVIDE A TRAINING

PACKAGE. DAO HAS LEARNED THAT AN IIN TEAM LEFT FOR BONN MARCH 7 TO MEET WITH MINISTRY OF DEFENSE AND FRG NAVY REPRESENTATIVES TO WORK OUT TRAINING DETAILS. DAO UNDERSTANDS THAT THE PACKAGE WILL INCLUDE SUBMARINE SCHOOL TRAINING FOR IIN OFFICERS/ENLISTED PERSONNEL, TECHNICAL RATING TRAINING, CREW TRAAING, AND MAINTENANCE TRAINING FOR NAVY AND CIVILIAN PERSONNEL.

3. THE PER UNIT COST OF THE SIX SUBMARINES IS UNDERSTOOD TO BE ABOUT DOLLARS EIGHTY MILLION, WHICH DOES NOT INCLUDE COST OF THE TOTAL TRAINING PACKAGE. FRG ATTACHE HAS TOLD DAO THAT TERMS OF PAYMENT WILL BE CASH. DELIVERY OF THE SIX SUBMARINES IS ESTIMATED TO BE FOUR YEARS, WITH THE FIRST BEING DELIVERED APPROXIMATELY EIGHTEEN MONTHS AFTER CONTRACT SIGNATURE.

4. FRG AMBASSADOR ALSO TOLD CHARGE MARCH 8 THAT PARELLEL WITH THE IIN ACQUISITION OF FRG TYPE 209 SUBMARINES, PAKISTAN AND INDIA ARE ALSO EXPECTED TO ACQUIRE FRG TYPE 209 SUBS. ACCORDING TO THE FRG AMBASSADOR DURING THE SHAH'S RECENT VISIT TO INDIA AND PAK-ISTAN HIM URGED BOTH COUNTRIES TO BUY FROM THE FRG, AND ARGUED AGAINST POSSIBLE ACQUISITION FROM THE UK. PAKISTAN IS EXPECTED TO BUY TWO SUBMARINES, AND INDIA A NUMBER AS YET UNSPECIFIED. THE FRG AMBASSADOR SAID THE TWO PAK SUBS MAY BE FINANCED BY IRAN WITH SOME FORM OF FRG GUARANTEE.

5. INDICATIONS FROM THE IIN ARE THAT THE DUTCH WILL QUOTE SOON UNQUOTE BE AWARDED A CONTRACT FOR EIGHT KORTENAER CLASS
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FRIGATES AT A UNIT PRICE OF DOLLARS 160 MILLION. THE PRICE WILL INCLUDE FITTING OUT BUTNOT ASSOCIATED TRAINING. THE FRG AMBASSADOR SAYS THE GOI IS SEEKING A TOTAL OF TWELVE FRIGATES, WITH PERHAPS EIGHT TO BE PURCHASED FROM THE DUTCH AND FOUR FROM THE FRG. HE WENT ON TO TELL US THAT THE DOZEN MIGHT BE SPLIT EVENLY BETWEEN THE DUTCH AND THE FRG. FINALLY, HE SAID THAT HE HAD HEARD MARCH 8 THAT THE DUTCH MIGHT BE OUT OF IT, BUT HE DID NOT PUT MUCH CREDENCE IN THAT REPORT.

6. BOTH THE FRG AND ITALY HAVE HAD CONTRACTOR TEAMS IN TEHRAN RECENTLY SEEKING TO SELL FRIGATES. OVER THE PAST MONTHS OF DISCUSSION WITH VARIOUS EUROPEAN COUNTRIES ABOUT FRIGATES GOI INTEREST (BEYOND THE DUTCH) HAS BEEN IN THE FOLLOWING DESCENDING ORDER: FRG (TYPE 122); UK (TYPE 21 OR 22); ITALY (LUPO); AND FRANCE (C-70, G. LEYGUES VERSION).

7. AS BEST DAO CAN DETERMINE ULTIMATE IIN TOTAL FORCE SGRUCTURE WOULD INCLUDE, INTERALIA: 12 FAST FRIGATES (FF); 9 SUBMARINES (SS) (THIS WOULD INCLUDE THREE TANG CLASS AND SIX FRG TYPE 209S); 12 LARGE GUIDED MISSILE BOATS (PTFG); 20 FAST PATROL BOATS (FPB); AND 12 MINE WARFARE SHIPS. REPORTS, INCLUDING LOCAL NEWS ITEMS,

FROM DAO BONN AND DAO THE HAGUE, AS WELL AS THE MARCH 3
MIDEAST ECONOMIC DISGEST, CONTAIN NUMBERS AND TYPES VERY
CLOSE TO THE LIST ABOVE TO REFLECT GOI INTEREST IN IIN
EXPANSION PROGRAMS. IN THAT REGARD, HOWEVER, WE NOTED DAO BONN
FINAL COMMENT (WITH WHICH WE AGREE) THAT THERE IS QUOTE A
LONG DISTANCE BETWEEN IRANIAN INTEREST AND FINAL CONTRACTS.
END QUOTE.

8. WOULD APPRECIATE COMMENTS OR ADDITIONAL INFORMATION
FROM ADDRESSEES.
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